

An Analysis Of
SELECTED FARM ORGANIZATIONS IN NORTHEASTERN OHIO
With Special Reference To Dairy Marketing Cooperatives

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INTRODUCTION

During the past decade there has been much concern and attention focused on the membership of dairy marketing cooperatives in Northeast Ohio. Much of this concern stems from the fact that there exists in Northeast Ohio "pockets" of milk producers who are not members of dairy marketing cooperatives.

Dairying is a major source of farm income in most Northeastern Ohio counties. Prices and marketing practices relative to dairy products are, therefore, of much concern to rural residents in this area. While dairy marketing cooperatives are most directly involved with these market programs, other general farm organizations are also affected by the relative well-being of milk producers. Consequently, the attitudes of dairymen toward the dairy marketing cooperatives and the ability of these cooperatives to perform useful functions for their membership is of concern to many segments of agriculture.

The purpose of this study was to analyze the attitudes of dairymen, in three selected Northeast Ohio counties, towards farm organizations in general, and dairy marketing cooperatives in particular.

HISTORY OF DAIRY MARKETING COOPERATIVES IN NORTHEAST OHIO

A brief history of dairy marketing cooperatives in Northeastern Ohio is essential in an analysis of current membership problems facing these marketing cooperatives in this area. The location of three

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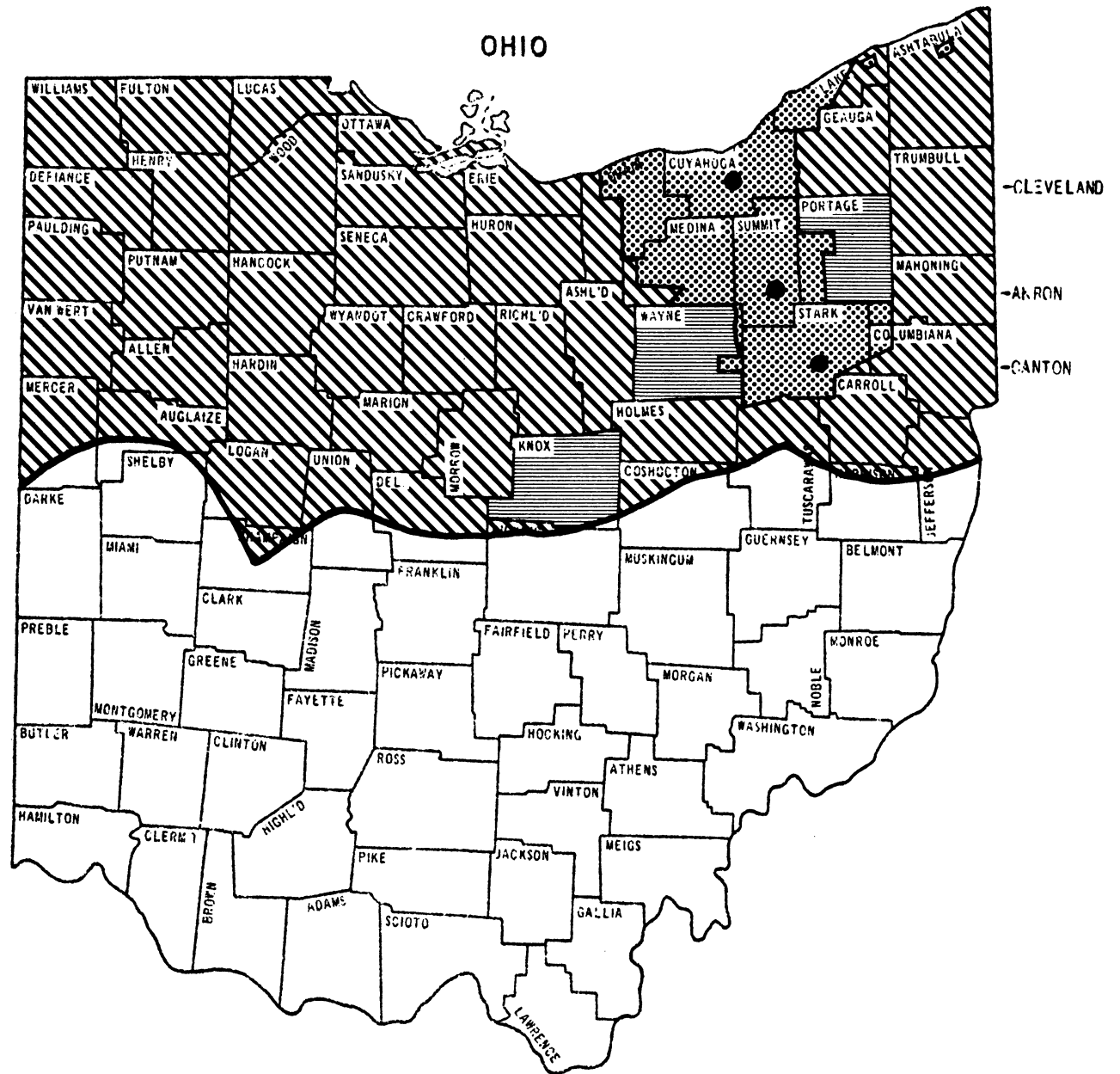
counties involved in this study places the respondents in a geographical area where they would be aware of, and affected by, the marketing program in Northeastern Ohio markets. (See Figure 1.)




The Northeastern Ohio marketing area as defined by Federal Order No. 36 includes cities and counties with a total population of 2,935,914.* The principal cities included in this area are Cleveland, Akron, Canton, Ashtabula, Painesville, Elyria, and Lorain. A Federal order was promulgated in Cleveland in 1946, in Canton in 1952, and in Akron in 1955. The Akron and Canton orders were merged in 1957, and the Cleveland and the Akron-Canton orders were merged into the present Northeast Ohio order in August 1959. In subsequent hearings, additional territory was included in the marketing area.

Active dairy marketing cooperatives have been in operation in each of these major markets and in several minor markets listed above since the 1920's. In the Cleveland market, the first major dairy marketing cooperative was the Dairymen's Ohio Farmer Milk Company. During the 1920's and early 1930's, this organization represented almost all dairymen selling milk to Cleveland handlers. Mainly, as a result of this organization's effort to move into milk processing and distribution, it developed serious financial problems and was eventually liquidated. As a result, many dairymen in Northeastern Ohio counties suffered financial losses.

*Source: Milk Marketing Areas Under Federal Order With Population Data, USDA, AMS, June, 1963.

FIGURE 1



-  - NORTHEAST OHIO MARKETING AREA
-  - NORTHEAST OHIO PROCUREMENT AREA
-  - SELECTED COUNTIES (KNOX, WAYNE, PORTAGE)

After the liquidation of this organization, several other dairy marketing cooperatives were organized in this market. Included among these groups was a branch of the Dairymen's Cooperative Sales Association, headquartered in Pittsburgh, Pennsylvania. After several years of relatively ineffective activities, several of these groups, including the DCSA branch, were merged into the Milk Producers Federation of Cleveland (MPF) in 1938. This organization has been the major bargaining agent for milk producers in the Cleveland market. Other cooperatives representing some producers in this market are Wayne Cooperative, Fort Wayne, Indiana; Northwest Cooperative Sales, Toledo, Ohio; and the Akron Milk Producers (AMP), Akron, Ohio.

Ever since the organization of the Milk Producers Federation, this cooperative has had membership problems especially in those areas where the defunct Dairymen's Ohio Farmers Cooperative was most active. Through the years, this fact has contributed to relatively large numbers of non-members in this milkshed. Consequently, handlers have had opportunities to purchase all or a substantial portion of their milk supplies from dairymen who were not members of cooperatives. In addition, it has provided a nucleus of non-member dairymen around which several minor dairy marketing cooperatives have attempted to organize during the past decade. For example, in about 1957, a group known as the Ohio Dairy Farmers Bargaining Association was organized and was active in the market for several years. Generally speaking, these groups were no more successful in organizing these dairymen than was the Milk Producers Federation.

One other sizeable block of non-members exists in the Cleveland milkshed. These dairymen are members of the Amish Church and refuse to join a cooperative for religious reasons. During recent years, the number of producers in this group selling milk to fluid markets has been reduced materially because of certain regulations dealing with milk temperature and milk holding practices. Consequently, many of these dairymen now sell their milk to local cheese factories. Because of these recent trends and their attitude about joining organizations, these dairymen were generally excluded from this study.

In 1958, the Milk Producers Federation in conjunction with the Northwest Cooperative Sales Association purchased the Orrville Milk Condensing Company. This facility is used as an equalization plant in the Northeast Ohio marketing area. Milk not sold into metropolitan markets for fluid purposes is manufactured and sold as condensed, skim, cream, ice cream mix, or skim milk powder. The Orrville plant has a capacity of approximately 800,000 pounds of milk daily. A subsidiary plant at Goshen, Indiana can handle an additional 600,000 pounds per day.

The Akron Milk Producers Association (AMP) was actively engaged in marketing before 1920 and has remained active in this market since that time. In 1961, this organization built a receiving and processing plant and subsequently began selling packaged milk to other handlers in the area as well as to their own wholesale accounts.

Members of Akron Milk Producers sell milk mainly to Akron handlers. Two major handlers in this market buy milk from few, if any, members of this cooperative. Through the years, this fact has brought about several legal skirmishes and has been at the heart of much of the discontent among producers in this market. Generally speaking, these non-member producers have remained loyal to their milk buyer and refused to join the cooperatives.

In the history of AMP and MPF, there have been periods when tensions were evident in their relationships with each other. Some of these feelings developed from the different marketing programs pursued by the two cooperatives. One cooperative with a sizeable manufacturing operation and the other with a sizeable fluid operation, brought on many conflicting points of view.

Producers selling milk to Canton handlers have been represented by the Stark County Milk Producers Association. This organization has been able to sponsor several important marketing programs jointly with handlers in that market. This organization also operated a small cheese factory which was used mainly as a means of disposing of excess milk from that market. In 1964, this organization merged with the Milk Producers Federation and producers are now represented through this organization. The cheese factory is no longer owned by the producers cooperative.

SURVEY METHOD

This study was conducted in three Northeast Ohio counties: Knox, Wayne, and Portage. In each of these counties, dairying is the major source of farm income. Dairymen in Knox County sell milk to handlers in the Cleveland, Akron, Canton markets (Northeast Ohio Marketing Area) or the Columbus market or the Mansfield market. Wayne and Portage County dairymen sell mainly to the Northeast Ohio markets. Some milk produced in Portage County is sold in several other Eastern Ohio markets such as Youngstown.

The County Agent in each of the three counties furnished a list of dairy farmers from his respective county. From this list, thirty farmers were chosen at random for Knox and Portage Counties and forty for Wayne. This sample size represents approximately one per cent of the Grade A milk producers in each of the three counties. Following this procedure, 100 completed schedules were obtained.

All completed schedules were obtained through personal interview. Only those producers selling milk to a fluid milk market and who milked ten or more cows were included in this study. Cooperation on the part of milk producers in these three counties was excellent. All eligible farmers who were asked to participate, did so.

RESULTS OF THE STUDY

Dairymen interviewed in this study have been engaged in farming an average of 20 years. As a group, they have been engaged in milk

production for 16 years. In all counties there were some dairymen who had only a few years experience while others had over thirty years in the dairy business. (Table 1)

Table 1

Number of Years Experience in the Dairy Business
for 100 Northeast Ohio Dairymen in
Knox, Portage, and Wayne Counties

Years	Counties			Total
	Knox	Portage	Wayne	
0-5	1	3	6	10
6-10	2	4	2	8
11-15	8	6	8	22
16-20	5	7	12	24
21-25	6	3	4	13
26-30	5	0	5	10
Over 30	3	7	3	13
Total	30	30	40	100

Fifty three per cent of the farmers interviewed owned their own farm and an additional thirty one per cent owned part and rented part of their farm. Fourteen per cent were renting and two farms were operated by professional farm management services.

The average herd size in these counties was very uniform: Knox, 31; Portage, 29; Wayne, 30.5. A good distribution of producers in all size categories prevailed in all three counties. (See Table 2)

Table 2

Size Distribution of 100 Dairy Herds in
Knox, Portage and Wayne Counties

Size	Per cent of Farms in Survey			Total Herds
	Knox	Portage	Wayne	
0-10	0 %	0 %	7.5%	3
11-20	13.3	13.3	15.0	14
21-30	33.3	46.7	27.5	35
31-40	26.7	26.7	22.5	25
41-50	16.7	0	20.0	13
51-70	6.7	6.7	7.5	7
71-100	3.3	0	0	1
Over 100	0	6.7	0	2

Membership Affiliation

All respondents were asked to identify the various agricultural organizations of which they were members. (Table 3)

Table 3

Percentage of Respondents in Three Ohio Counties
Who Indicated Membership in Various Farm Organizations

Farm Organization	Knox	Portage	Wayne	Total Number
COBA or NOBA	63%	83%	50%	64
Farm Bureau	53	43	55	51
Milk Prod. Fed.	33	20	70	44
Producers Live-stock Assn.	90	27	18	42
R.E.A.	60	0	48	37
Grange	60	27	15	32
P.C.A.	17	47	25	29
D.H.I.A.	13	17	28	20
Akron Milk Prod.	17	33	3	16
N.F.O.	20	13	10	14
Other Dairy Mktg. Coops.	20	7	0	8

Wide variations existed in the percentage of dairy farmers belonging to these various farm organizations. Fourteen farmers in the three counties were not members of either the Farm Bureau, NFO, MPF, or AMP. There were no members of The Farmers Union included in this study. There was considerable duplication of membership among organizations on this list. For example, of the ten farmers who were members of NFO in Knox and Portage Counties, eight were also members of Farm Bureau.

Membership in dairy marketing cooperatives totaled 68. Sixty were members of either MPF or AMP. Eight were members of either Northwest Cooperative Sales, Central Ohio Cooperative Milk Producers Association, or Dairymen's Cooperative Sales Association. Therefore, there were 32 non-members of dairy marketing cooperatives. These non-members milked an average of 34 cows and had been in the dairy business over 15 years. Sixteen of these non-members were members of the Farm Bureau and four were also members of NFO.

Attitude of Respondents Toward Cooperatives

All respondents were asked to rate the Farm Bureau, Grange, NFO, MPF, and AMP, on a scale from 0 to 10 depending on the kind of job they felt the organization was doing. A "0" indicated a negative rating while a "10" indicated an excellent job. (Table 4)

Table 4

Score Received by Various Farm Organizations
From Dairy Farmers Interviewed in This Study

Members of	Organization Being Rated				
	Farm Bureau	Grange	N.F.O.	M.P.F.	A.M.P.
Farm Bureau	6.8	5.1	3.2	6.0	5.7
Grange	6.7	5.7	2.7	6.0	5.1
N.F.O.	4.2	4.3	6.7	3.6	4.1
M.P.F.	6.5	5.2	3.1	6.6	6.2
A.M.P.	5.3	5.5	4.0	5.3	6.5

There is ample evidence in this table to indicate that much improvement is possible in the attitude of these members toward their own organizations. There was little difference in the average score received by the Farm Bureau, NFO, MPF, and AMP from their own members. The score received by the Grange was lower than that of the other four organizations.

The most significant difference is evident with respect to members of the NFO. These members rated other organizations lower than did non-NFO members and conversely, non-NFO members rate NFO lower than the other four organizations. In an analysis of these data, cognizance should be taken of the small number of NFO members in this study and the fact that many of these members were also members of the Farm Bureau. The rating of NFO by NFO members who were not also members of Farm Bureau was about 8.4. There were equally staunch supporters of Farm Bureau and the other organizations if similar eliminations were made.

The number of staunch supporters of these organizations allows for considerable improvement. This may reflect a lack of understanding of the program of some of these organizations or a lack of confidence in the leadership. Also the extent and nature of competition has been especially keen among some general farm organizations and dairy marketing cooperatives, and in the past among the dairy marketing cooperatives themselves.

Several other questions were asked that reflect the attitude of these respondents toward their farm organizations. The following five organizations were selected for more detailed analysis: Farm Bureau, NFO, MPF, AMP, and Grange. In the following analysis, it must be recognized that many farmers belonged to two or more of these five organizations.

Respondents were asked about how much "say" they felt they had in the organizations to which they belonged. (Table 5)

Table 5

How Much "Say" Respondents Felt They Had as Members
of Various Farm Organizations

Degree of "Say"	Farm Bureau	Grange	N.F.O.	M.P.F.	A.M.P.
Great Deal	12.3%	10.7%	30.8%	8.3%	
Some	55.1	53.6	61.4	50.0	60
Very Little	22.4	28.6		33.3	40
None	10.2	7.1	7.8	8.3	

Approximately two-thirds of these dairy farmers felt that they had some or a great deal of "say" about the farm organization to

which they belonged. For the NFO members, this was approximately 90 per cent. There were very few farmers who felt they had no "say" in any of the five organizations.

Most respondents felt that agricultural cooperatives were helpful to farmers at the present time. (Table 6). There was less enthusiasm for farm cooperatives by the members of NFO; however, of the 100 dairymen interviewed only twelve answered "no" to this question, while fifty-nine answered "yes" and twenty-three said "sometimes." Six did not answer the question.

Table 6

Percentage of Members of Five Farm Organizations Who
Felt Agricultural Cooperatives Were Helpful to
Farmers at the Present Time

Answer	Farm Bureau	Grange	N.F.O.	M.P.F.	A.M.P.
Yes	68	72	28.5	69	60
No	10	6	28.5	12	
Sometimes	22	22	43	19	40

Respondents were also asked whether they felt that price and marketing conditions for dairymen had been improved, worsened, or not affected by the program of the cooperatives since 1960. Thirty-eight per cent answered "improved," nine per cent answered "worsened," fifty per cent answered "not affected," and three per cent did not answer.

Later in the questionnaire dairymen were asked whether, in their opinion, dairy marketing cooperatives in Northeastern Ohio

had grown stronger, weaker, or stayed the same during the past three years. Forty-one per cent answered "stronger," eleven per cent answered "weaker," thirty-eight per cent answered "stayed about the same" and ten per cent did not know.

The combination of the last three questions indicates that most dairy farmers recognize the assistance provided by these cooperatives but a sizeable percentage felt that little progress had been made in recent years. Only about ten per cent answered negatively to these three questions. The attitudes of non-members on these questions was little different from those of members indicating that these feelings are rather widely held and are not necessarily the reason for joining the organizations.

Dairymen were asked several questions relative to the competition between dairy cooperatives in these three counties. In many instances this competition took the form of criticism. During the past several years, there have been instances when rather keen competition existed between MPF and AMP. During the past year, it has been felt by many that much of this competition has been eliminated. Among respondents in this survey, 57 felt that dairy marketing cooperatives were competing against each other at the present time. This feeling was most strongly held by NFO and AMP members and least strongly held by MPF members (Table 7). Seventeen respondents answered "don't know" to this question.

Table 7

Percentage of Members of Five Farm Organizations Who Felt
That Dairy Marketing Cooperatives Were Competing
Against Each Other at the Present Time

Answer	Percentage of Members				
	Farm Bureau	Grange	N.F.O.	M.P.F.	A.M.F.
Yes	58.8%	53.1%	71.4%	50.0%	68.8%
No	29.4	31.2	21.4	38.6	31.2
Don't Know	11.8	15.8	7.1	11.4	

Fifty-one per cent felt that the marketing of milk in Northeast Ohio would improve by a merger of the present cooperatives. Thirty-six per cent answered "no" to this question and thirteen said they did not know. While most NFO members answered "yes" to the previous question concerning competition, most of them felt that merger would not improve the situation.(Table 8). Considering all respondents, 49 indicated "no" or "don't know" to this question concerning merger. Farm Bureau and Grange members were most interested in seeing a merger.

Table 8

Percentage of Members of the Five Farm Organizations Who Felt That
the Marketing of Milk in Northeast Ohio Would Be Improved
By a Merger of the Present Cooperatives

Answer	Percentage of Members				
	Farm Bureau	Grange	N.F.O.	M.P.F.	A.M.P.
Yes	58.8%	59.4%	28.6%	50.0%	50.0%
No	25.5	31.2	64.3	31.8	43.8
Don't Know	15.7	9.4	7.1	18.2	6.2

The respondents were asked to rank in order the following farm organizations which provided them the greater service during the past year: general farm organizations, dairy marketing cooperatives, or the breeders association. Approximately one-third of the dairymen did not answer this question. For those who did answer, there was no consensus on this matter. Twenty-one respondents felt the general farm organization provided the greater service, twenty-six felt the dairy cooperative was most significant and thirty answered that the breeders association had provided the greater service. When weighing the answers by assigning a one, two, or three for each organization depending on how it was rated by the respondents, resulted in 129 points for the general farm organization, 120 points for the dairy marketing cooperative, and 132 points for the breeders association. On this basis, respondents felt dairy cooperatives provided the most service and the breeders association provided the least. The differences as reflected by this system of rating were also very small.

There was a considerable variation between Knox and Portage Counties with respect to this question. In Knox County, the breeders association was ranked in third place by the vast majority of dairymen, while in Portage, most dairymen put this organization in first place.

Most respondents did not feel that cooperatives can do for farmers what labor organizations have done for labor. Fifty-eight answered in this manner while twelve others did not know. Thirty

felt that cooperatives could do for farmers what labor organizations have done for labor. Members of the five farm organizations did not agree on this question.

Table 9

Percentage of Members of Five Farm Organizations Who Felt
That Cooperatives Could Do For Farmers What Labor
Organizations Have Done for Labor

Answer	Farm Bureau	Grange	N.F.O.	M.P.F.	A.M.P.
Yes	21.6%	25.0%	50.0%	29.5%	25.0%
No	66.7	68.8	42.8	59.1	62.5
Don't Know	11.7	6.2	7.2	11.4	12.5

Half of the members of NFO answered "yes" to this question while only 21.6 per cent of the Farm Bureau members answered "yes." Almost all respondents (96 per cent) agreed that labor organizations have helped labor. Wages and working conditions were most frequently mentioned as the major benefits to labor.

Attitudes Toward Services of Dairy Marketing Cooperatives

Eighty-three of the 100 respondents indicated they felt that the promotion of dairy products, by dairy farmers, pays off for them. Only seven disagreed and ten did not know. Seven of these ten lived in Wayne County.

The two dairy marketing cooperatives, MPF and AMP, both contribute to advertising programs carried on by the American Dairy Association. In addition to this national effort, these two cooperatives have carried on local advertising programs at various times during the past decade.

The most significant marketing service generally carried on by a dairy marketing cooperative is price bargaining. Respondents in this study were asked whether they felt they would receive a higher price for milk if all dairy farmers were members of a milk marketing cooperative. Fifty-three answered "yes" to this question, twenty-six answered "no," and twenty-one answered "don't know." Fourteen of the twenty-six who answered "no" were non-members of dairy marketing cooperatives. Only half of the members of NFO felt prices would be improved if all farmers were members of dairy marketing cooperatives. The members of MPF and AMP felt most strongly that price would be improved; however, 20 to 25 per cent did not think so. This feeling was most strongly held by those members of these two cooperatives who lived in Portage County.

The fact that approximately one half of the dairymen answered this question "no" or "don't know" was surprising. One half of all respondents who answered "no" lived in Knox County, while 14 of the "don't know" answers came from Wayne County. Fifteen of the thirty-two non-members thought prices would be improved if all farmers were members of dairy marketing cooperatives, yet they did not join.

The issue of premium prices over Class I Federal Order minimum prices has received much attention in these counties during the past five years. Such premiums have been in effect in the Northeastern Ohio market during certain months over this five-year period. Fifty-six of the 100 dairymen felt that premiums over Class I prices would

result in outside milk coming into their market. An additional 19 answered "don't know." Twenty-five answered "no" to this question. Membership in either of the five organizations did not appear to be a factor in the answer to this question.

Dairy marketing cooperatives in this area offer a guaranteed market as one of their services. Seventy-six of the 100 respondents felt this was a worthwhile service while thirteen answered "no" to this question. Eleven indicated they did not know. Members of MPF and AMP felt most strongly that this service was worthwhile while NFO members were least impressed by this service. Almost all dairymen recognized that the Federal Order program did not guarantee them a market for their milk. NFO members were somewhat less knowledgeable on this point.

The operation of surplus milk manufacturing facilities by cooperatives in Northeast Ohio was a much discussed issue in this area. Respondents were asked to agree or disagree on the following four questions relative to the operation of such facilities. Responses of the dairymen follows each question:

Do you think that the operation of a surplus milk manufacturing plant like the one at Orrville, Ohio, by a cooperative in this market--

- a. Provides a necessary outlet for producer milk in the market?

Yes 76 No 9 Don't Know 15

- b. Depresses producer milk prices in the market?

Yes 15 No 61 Don't Know 24

- c. Is a necessary bargaining tool in today's markets?
 Yes 67 No 18 Don't Know 15
- d. Is necessary to handle fluctuations in production
 and sale of milk?
 Yes 80 No 7 Don't Know 13

These data indicate dairymen generally support the policy of operating surplus milk manufacturing plants by cooperatives. At some periods during the past five years this issue was rather warmly debated by MPF and AMP members. Members of AMP were less enthusiastic about the operation of such a plant than were members of MPF.

Respondents were asked whether it costs too much to belong to the dairy marketing cooperative. The various categories of respondents had different answers to this question as indicated below:

	<u>Yes</u>	<u>No</u>	<u>About Right</u>	<u>Don't Know</u>
All respondents	28%	44%	15%	13%
Farm Bureau members	27	47	20	7
Grange members	31	44	16	9
NFO members	57	21	14	7
MPF members	9	61	21	9
AMP members	31	50	19	0
Non-members of dairy coops.	35	46	19	0

When asked what they thought was the additional cost of belonging over not belonging to the dairy marketing cooperative, twenty-four said they did not know. Eighteen indicated it costs ten or more cents per cwt. of milk marketed. Twenty-five indicated it costs five to nine cents more, fifteen said one to four cents more. Thirteen said it costs no more. Actual costs of belonging to these dairy marketing cooperatives will be discussed later in this report.

Respondents were also asked to rate the inspection requirements for their farm as compared to farms selling to other handlers. Seventy-six indicated requirements were about the same, eighteen indicated they were more stringent, four indicated they were less stringent and two did not know. Of the eighteen who indicated they were more stringent, seven were non-members of dairy marketing cooperatives.

Some Comments by Members of Dairy Marketing Cooperatives

Approximately two-thirds of the members indicated they had received stock certificates of some sort from the dairy cooperatives. The remaining one-third answered "no" or "don't remember" to a question relating to patronage refunds.

Members of dairy marketing cooperatives felt that guaranteed market and price negotiations were the two major benefits derived from membership in these organizations. It is quite possible that the guaranteed market answer was biased to some extent by a previous question in the questionnaire.

The 68 members were asked what they thought was the basic reason why some of their neighbors and friends were not members of a dairy marketing cooperative. Forty-three answered this question with the following comments:

	No. of Respondents Giving This Answer
Costs more, or too much for what they get	13
Don't believe in cooperatives	9
Cooperatives don't do enough for members	7
Don't need cooperatives to sell milk	3
Satisfied with handler	2
Not interested	2
Don't know	2
Uninformed	2
Sells to Handler A	1
Don't like management	1
Won't meet Grade A milk requirements	1

Some Comments by Non-Members of Dairy Marketing Cooperatives

The 32 non-members were also asked why they did not belong to the dairy marketing cooperative. Twenty-six answered this question with the following comments:

	No. of Respondents Giving This Answer
Not necessary to sell to present market	6
Is not worth cost of belonging	5
Satisfied with present market	3
Don't believe in pressure to get a market	2
Does not do anything	1
Too much fighting between cooperatives	1
Religious reasons	1
Independence	1
No time	1
Handler A pays more	1
Misunderstanding	1
Favor private business	1
Changed market	1
Never asked	1

Comparing the answers of members and non-members relative to why some dairymen did not belong to the dairy marketing cooperative indicates some areas of agreement and others of disagreement. The matter of cost is prominent in the answers of both groups but more

so for the members than the non-members. Of the five non-members who said the cooperative is not worth the cost of being a member, three were average size herd owners, while two were relatively large volume producers. One of these two indicated he felt it would cost an additional nine cents per cwt. of milk to belong to the cooperative while the other said it cost fifteen to twenty cents more.

The actual cost of belonging to the dairy marketing cooperatives in Northeast Ohio differs somewhat between the two major organizations. The deductions for the Cleveland Milk Producers Federation were eight cents per cwt. for the operation of the cooperative plus two cents per cwt. for the advertising and promotion program. The two cents for advertising is used to support the American Dairy Association, the local Dairy Council and local advertising programs. This two cent advertising deduction is a voluntary fee paid by most members and is not used to defray costs of the association. The eight cents, previously mentioned, is used to cover costs of operating the cooperative. Monies remaining at the end of the year from this latter deduction are returned to the members as a stock dividend. During recent years, this stock dividend has amounted to approximately five cents per cwt. This stock is on a revolving fund basis and the organization is currently redeeming, in cash, the 1959 issue.

The deduction for the Akron Milk Producers is two per cent of the blend price. Assuming a \$4.50 per cwt. blend price, the deduction is nine cents per cwt. In addition there is a five cent per cwt. deduction for a building fund (fluid milk plant). This five cent deduction is on a revolving basis and the organization is currently redeeming, in cash, the 1960 issue. The operation of the association is financed out of the two per cent deduction. Any monies remaining in this fund at the end of the year would be refunded to the members. This association also deducts one cent per pound of butterfat during the months of November and December to support advertising and promotion programs (ADA and local). This is a voluntary deduction.

All producers, who are not members of a qualified dairy marketing cooperative, pay a marketing service fee of five cents per cwt. to the Federal Order Marketing Service Fund. These monies are used to defray marketing service costs such as milk testing, check weighing, and providing market information. There is no refund associated with this deduction.

Determining the net cost of belonging to a dairy marketing cooperative requires certain further assumption. Using the MPF as an example, a producer would pay 8 cents per cwt. to support the cooperative. If he were not a member, he would pay 5 cents per cwt. to the Market Administrator. Assuming a membership refund of three cents per cwt., the net cost of belonging to the association

would be zero. Any refund above three cents would be a net gain to the member. If it is less than three cents there is a net cost to the member. The two cent deduction for the advertising program does not enter into the association financing, and it is also paid by some non-members.

For the Akron Association, the net costs depend on several factors. If the blend price of milk to producers is four dollars per cwt., then the net cost would be this eight cents minus any refund and minus the Market Administrator's deductions. Assuming no refund, then the net cost would be three cents per cwt. The five cent deduction is a stock purchase and is paid back on a revolving basis.

There is one other cost sometimes mentioned as a cost of belonging to an association. It is claimed by some non-members who sell milk to certain handlers that these handlers pay them a higher price for their milk and also that these buyers do not purchase milk from members of dairy marketing cooperatives. These non-members pay the service charge of five cents per cwt. assessed by the Market Administrator. This survey did not determine whether these higher prices exceeded this deduction by the Market Administrator. At any rate, it seems evident from the answers given by the non-members that this practice exists in the market and has had an effect on cooperative membership. The net cost or savings associated with this argument depends on the relative bargaining strength of the cooperative

as compared to the buyer. To both the cooperative and the buyer these non-members play a most significant role.

Of the 32 non-members, fifteen indicated they received a higher price for their milk because they were not members of a dairy marketing cooperative. In addition, three respondents did not answer or said they did not know. This would indicate that approximately one-half of the non-members are aware of and influenced to some extent by the fact that some handlers pay higher prices and/or prefer to buy all their milk supply from non-members. Non-member respondents who felt they receive a higher price because they were non-members were somewhat unsure whether they would lose their market if they joined a dairy marketing cooperative. Twenty-five per cent of the non-members said they would lose their market and another twenty-five per cent said they did not know or gave no answer. This would further indicate that among non-members, the attitude of their buyer towards dairy marketing cooperatives plays an important role in their refusal to join the cooperative.

Four of the thirty-two non-members said they felt that the ability of a dairy marketing cooperative to bargain for higher prices was affected by the fact that they were not members. An additional six dairymen said they were unsure about this and two did not answer. The remaining twenty said "no" to this question. Approximately two-thirds of the non-members do not feel that their price is affected by the actions of the cooperative. On the other hand, some dairymen felt that prices would be increased if all farmers were members, yet they did not join. Eight of the non-members said they had never

been asked to join, but only one of these indicated he felt prices would be affected by support of the cooperative.

The 100 respondents were asked which of the following alternatives would offer the most hope for dairymen in the future.

Number Giving
This Answer

- | | |
|-----------|---|
| <u>11</u> | a. Have the government set higher support prices. |
| <u>16</u> | b. Adopt a Class I base plan. |
| <u>40</u> | c. Strengthen the cooperatives so they can bargain more effectively. |
| <u>3</u> | d. Dairymen go into processing and control the product from farm to consumer. |
| <u>27</u> | e. Let supply and demand take care of it. |
| <u>3</u> | f. Other |

Considering only these alternatives, it is apparent that dairymen prefer to strengthen the dairy cooperatives so that they can bargain more effectively. Under practical marketing conditions, it should be recognized that these alternatives are not mutually exclusive and therefore a dairyman might recognize the need for more than one of these alternatives. This survey was taken before the Class I base plan was recommended by Congress so that this vote should not be considered as support for or against a base plan.

SUMMARY AND CONCLUSIONS

1. The attitudes about cooperatives as expressed by members of the five farm organizations indicates more effort should be placed on improving understanding of their organization and its program. The fact that the five organizations were all rated at about the

same level indicates that this problem is not confined to any one or two of these organizations. No doubt, the fact that most of these organizations find themselves in competition with each other contributes significantly to this problem. Even though the overall objective of each group is quite similar (improve the well being of the members) their methods for accomplishing this objective may be quite different. It is around this difference in method that farmers are divided. Members of these various organizations are often vehement about the "rightness" of their program and the "wrongness" of the approach used by another organization. Because of the complexities of the issues involved in these approaches, it is relatively easy to maintain division among farmers if this was one's objective.

2. The lack of enthusiasm by members is also related to the attitude of non-members toward joining a dairy marketing cooperative. This is particularly pertinent with respect to cost of membership. The feeling by members that cooperatives are expensive, or their inability to identify real gains because of their membership, was evident in the comments of the non-members. Several courses of action might be pursued to overcome these feelings:

- a. More information programs for members so that they can more easily articulate the advantages of belonging to the organization. Advantages often given by members do not convince the non-member of the overall purposes of a marketing organization.

- b. Develop programs that would be available only to members. In the past, philosophy about cooperative marketing programs has been that such programs should benefit all producers in the market, both members and non-members. Such a procedure certainly raises the question of equity between members and non-members. Concentration of non-members among some buyers in a market can substantially weaken the program for the members.
- c. There is need for improved understanding of the financing of these marketing organizations. The understanding of the financial cost of belonging to the marketing cooperative is not well understood by members, but is even less well understood by non-members. Many non-members felt they knew the cost of membership in these organizations, but in many instances, their estimate far exceeded the actual cost. Most non-members think about the cost of membership in absolute terms. It might be pointed out to these producers that the real cost of membership is a relative matter--relative to the cost of being a non-member. It was also evident that the concept of an "investment in marketing" was not strongly held by non-members.

3. While some dairymen belonged to no farm organization, there was a significant number of non-members of dairy marketing organizations who belonged to general farm organizations. This fact would offer an opportunity for such general farm organizations to lend their support in many ways to obtain an improved understanding of the role played by the dairy marketing cooperatives and the nature of their programs.

4. To the extent that non-members are influenced by members, more attention might be directed at aiding members in their discussions with non-members. This might be accomplished through changes in the association's house organ, or new and different publicity efforts, or by providing members with materials they might leave with non-members. The basic purpose of these information programs should be one of unification, not of division.

STUDY OF THE ATTITUDES OF
DAIRY FARMERS TOWARDS COOPERATIVES
QUESTIONNAIRE

No. _____

Date _____

County _____

1. How long have you been farming? _____ years.
2. Do you own or rent the farm? _____ Own _____ Rent _____ Both
3. How many cows do you have now? _____ (Milking age only.)
4. How long have you been in the dairy business? _____ years.
5. To which general farm organizations on this card do you belong?

<input type="checkbox"/> Farm Bureau <input type="checkbox"/> Farmers Union <input type="checkbox"/> Grange <input type="checkbox"/> N.F.O. <input type="checkbox"/> Producers Livestock Association <input type="checkbox"/> Milk Producers Federation <input type="checkbox"/> Akron Milk Producers <input type="checkbox"/> COBA or NOBA	<input type="checkbox"/> P.C.A. <input type="checkbox"/> R.E.A. <input type="checkbox"/> D.H.I.A. Other: _____ _____ _____ _____ _____
--	---

6. On this scale from 0 to 10, from an overall point of view, rate the kind of job you think the following farm organizations are doing. (x means don't know.)

_____ Farm Bureau _____ Grange _____ N.F.O. _____ M.P.F. _____ A.M.P.

7. How do you think most of your neighbors would score each of these groups?

_____ Farm Bureau _____ Grange _____ N.F.O. _____ M.P.F. _____ A.M.P.

8. Do you think that agricultural cooperatives, at the present time, are helpful to farmers? _____ Yes _____ No _____ Sometimes _____ Don't know

9. As a member--do you feel you have any "say" about how the organization is run? (Ask only for those organizations in which this respondent is a member.)

	<u>Great Deal</u>	<u>Some</u>	<u>Very Little</u>	<u>None</u>
Farm Bureau	_____	_____	_____	_____
N. F. O.	_____	_____	_____	_____
M. P. F.	_____	_____	_____	_____
A. M. P.	_____	_____	_____	_____
Grange	_____	_____	_____	_____

10. Do you believe that cooperatives can do for farmers what labor organizations have done for labor? ☐ Yes ☐ No ☐ Don't know

11. Do you believe labor organizations have helped labor people?
☐ Yes ☐ No ☐ Don't know

If yes, what do you think was the major benefit? _____

12. Which organization provided the greater service to you during the past year?
(Rank in order.)

- ☐ a. General farm organization
☐ b. Dairy marketing cooperative
☐ c. Breeders association

13. Do you think that the price and marketing conditions for milk in this area have been-- ☐ improved ☐ worsened ☐ not affected
by the programs of the cooperatives since 1960?

(Comment) _____

14. Do you think that advertising and promotion of dairy products by dairy farmers pays off? ☐ Yes ☐ No ☐ Don't know

15. Do you think you would receive a higher price for your milk if all dairy farmers were members of a milk marketing cooperative?
☐ Yes ☐ No ☐ Don't know

16. Do you think that premiums over Class I prices will result in having milk from outside the market come in? ☐ Yes ☐ No ☐ Don't know

17. Do you think the Federal order guarantees you a market for your milk?
☐ Yes ☐ No ☐ Don't know

18. Do you think that a guaranteed milk market by a dairy cooperative is important to dairy farmers today? ☐ Yes ☐ No ☐ Don't know

19. Do you think that the dairy marketing cooperatives in this area are competing against each other, at the present time? ☐ Yes ☐ No ☐ Don't know

20. Do you think that the marketing of milk in Northeast Ohio would be improved by a merger of the present cooperatives? ☐ Yes ☐ No ☐ Don't know

21. Do you think it costs too much to belong to the dairy cooperative?
☐ Yes ☐ No ☐ About right ☐ Don't know

22. What do you think is the additional cost of belonging to the dairy marketing cooperative over not belonging? (On a cwt. basis.) _____

23. Do you think that the operation of a surplus milk manufacturing plant like the one at Orrville, Ohio by a cooperative in this market

Yes No Don't know

a. Provides a necessary outlet for producer milk in the market?

b. Depresses producer milk prices in the market?

c. Is a necessary bargaining tool in today's milk markets?

d. Is necessary to handle fluctuations in production and sale of milk?

24. In your opinion, during the last three years, have dairy marketing cooperatives in Northeast Ohio grown-- _____ stronger _____ weaker

_____ stayed about the same _____ don't know

25. Do you think that the inspection requirements on your farm are--
_____ more stringent _____ less stringent _____ about the same
as those on farms selling to other handlers?

MEMBERS OF DAIRY MARKETING COOPS ONLY--A.M.P. or M.P.F.

26. Do you have neighbors or friends who are not members of a dairy marketing cooperative? _____ Yes _____ No

27. If yes, what do you think is the basic reason why they are not members?

28. Have you ever received stock certificates of any sort from your dairy marketing cooperative? _____ Yes _____ No _____ Don't remember

29. What are the two major benefits you derive from the membership in the milk marketing cooperative?

1. _____

2. _____

NON-MEMBERS OF DAIRY MARKETING COOPS ONLY--A.M.P. or M.P.F.

30. Why do you not belong to a dairy marketing cooperative? (Why did you drop membership?) _____

31. Do you think you receive a higher price for your milk because you are not a member of a dairy marketing cooperative? _____ Yes _____ No _____ Don't know

32. Do you think you would lose your market if you joined a dairy marketing cooperative? ☐ Yes ☐ No ☐ Don't know
33. Do you think that the ability of a dairy marketing cooperative to bargain effectively (for higher prices) is affected by the fact that you are not a member? ☐ Yes ☐ No ☐ Don't know
34. Have you ever been asked to join a dairy marketing cooperative?
☐ Yes ☐ No ☐ Don't know

FOR ALL RESPONDENTS

35. Which of the following alternatives would you feel would offer the most hope for dairymen in the future?
- ☐ a. Have the government set higher dairy support prices.
 - ☐ b. Adopt a Class I Base Plan.
 - ☐ c. Strengthen the cooperatives so they can bargain more effectively.
 - ☐ d. Dairymen go into processing and control the product from farm to consumer.
 - ☐ e. Let supply and demand take care of it.
 - ☐ f. Other (Explain.)

